

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange, Grade AA increased 1 cent to \$.9100, Grade A increased 6 1/2 cents to \$.8650, and Grade B increased 6 1/2 cents to \$.8550. At the National Cheese Exchange in Green Bay, barrels are unchanged at \$1.2425 and 40# blocks are unchanged at \$1.2750.

The December 1996 Consumer Price Index (CPI) for all food is 156.3, up 4.3% from December 1995. The dairy products index, at 148.6, is up 10.1% from a year ago. The following are the December to December changes in selected dairy products: fresh whole milk +10.9%, cheese +8.0%, and other dairy products (includes butter) +12.2%.

According to NASS, U.S. cold storage holdings of butter on December 31, 1996, total 14.1 million pounds, 24.4% lighter than December 1995 and 20.3% less than November. Natural American cheese holdings total 379.0 million pounds, up 23.5% from December 1995 and 2.5% heavier than a month ago. Nonfat dry milk holdings at the end of November total 48.0 million pounds, 27.3% less than last November and steady with last month. Commercial accounts hold most of powder.

During December, about 9.5 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in December 1995, the following comparisons involving producer deliveries have been estimated.) For comparable markets, producer deliveries were about 0.4% more than December 1995, and about 3.6% more than November 1996 on a daily average basis. Milk utilized in Class I products in December was 0.6% more than last year on an adjusted basis. Class I use this year represented 40% of producer milk deliveries compared to 41% in December 1995. The average blend price was \$13.89, \$0.14 more than last year. Changes in class prices from year-earlier levels were: Class I, up \$1.52; Class II, up \$1.52; Class III, down \$1.57; and Class III-A, up \$0.49.

Milk production patterns across the country are mixed. In Florida, output is increasing rapidly, with more moderate gains reported in other sections of the Southeast. In other areas of the country, output is holding steady to slight increases, typical for this time of the year. Late last week and into the weekend, very cold temperatures prevailed in many areas of the country slowing production growth. In the Central Valley of California, flooding conditions of the past week to 10 days were starting to improve, but by midweek, another warm and wet storm was headed for the area. Melting snow from the mountains continues to tax already filled reservoirs and streams and saturated levees continue to give way. The damage impact is still not assessed and many feel that it will be weeks, if not months, before fully felt.

Dry dairy product markets are starting to show some movement when compared to past weeks. Nonfat dry milk markets are mixed. In the Northeast, prices are steady to lower and the market tone is about steady. In the Central part of the country, the market is unsettled with prices both higher and lower, while Western prices are steady to higher. Buttermilk powder markets are starting to rebound from lackluster sales over the past few months. Prices have reached a level where powder is moving with more regularity. Reports indicate that some buyers took sizable positions and have cleared much of the surplus buttermilk from the marketplace. Whey markets are also steady to firm. Producers' inventories range from light in the Midwestern and Western regions of the country to quite well balanced in the East.

SPECIAL THIS ISSUE
CONSUMER PRICE INDEX (PAGE 2)

COMMERCIAL AND GOVERNMENT COLD STORAGE HOLDINGS (PAGES 7-8)

MINIMUM FED ORDER AND ANNOUNCED COOP CLASS I - ANNUAL (PAGE 9)

DAIRY SITUATION AND OUTLOOK (PAGE 10)

DECEMBER FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS (PAGES 11-12)

BUTTER MARKETS**CHICAGO WHOLESALE**

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	JANUARY 21	JANUARY 23	JANUARY 24
AA	\$0.9000 - 0.9100	\$0.9000 - 0.9100	\$0.9000 - 0.9100
A	\$0.8000 - 0.8100	\$0.8000 - 0.8100	\$0.8000 - 0.8100

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, all butter prices are higher. Stocks of butter are generally sufficient for most current orders, although more handlers are looking beyond short term needs. Many Midwestern and Eastern buyers are reaching to Western areas of the country to secure additional bulk stocks. Often, pricing of available Western stocks is not as favorable as buyers were accustomed to in the past, thus a firm undertone is developing. Although additional Western bulk is available, some producers are finishing previous commitments, not entering new sales, and holding stocks with confidence.

CHICAGO MERCANTILE EXCHANGE

Butter Transactions on **FRIDAY, JANUARY 24, 1997**
(CARLOT UNIT = 40,000 LBS.)

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	+0.0100	\$0.9100 : SALE 01/24/97
A	+0.0650	\$0.8650 : BID 01/24/97
B	+0.0650	\$0.8550 : BID 01/24/97

SALES: 16 CARS GRADE AA: 1 @ \$0.9400, 1 @ \$0.9375, 1 @ \$0.9350, 9 @ \$0.9300, 1 @ \$0.9200, 1 @ \$0.9225, 1 @ \$0.9150, 1 @ \$0.9100 (LST) 1 CAR GRADE A @ \$0.8100

BIDS UNFILLED: 1 CAR GRADE AA @ \$0.8950
1 CAR GRADE A @ \$0.8650 (LST)
1 CAR GRADE B @ \$0.8550 (LST)

OFFERS UNCOVERED: NONE

CHEESE MARKETS**WISCONSIN ASSEMBLY POINTS**

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	JANUARY 20 - 24, 1997
BARRELS*	\$1.2325 - 1.2525 (NOMINAL)
40# BLOCKS	\$1.2650 - 1.3050

() Change from previous week. * If steel, barrel returned.

CHEESE HIGHLIGHTS: The cheese market is steady. Prices are unchanged in moderate trading at the National Cheese Exchange. Weather has impacted cheese production and sales in recent weeks. Besides the areas where milk production was impacted by flooding or blizzard conditions, extreme cold temperatures reduced traffic to many restaurants and retail locations. Promotional activity is aiding sales. Natural sales remain better than process for most accounts. Additional CCC cheese invitation information is found on page 13.

NATIONAL CHEESE EXCHANGE, INC.

Cheese Transactions on **FRIDAY, JANUARY 24, 1997**
(CARLOT UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	N.C.	\$1.2425 : SALE 01/24/97
40# BLOCKS	N.C.	\$1.2750 : SALE 01/24/97

SALES ON BIDS: 15 CARS BARRELS @ \$1.2425

SALES ON OFFERS: 1 CAR BARRELS @ \$1.2425
2 CARS 40# BLOCKS @ \$1.2750

BIDS UNFILLED: NONE

OFFERS UNCOVERED: 4 CARS 40# BLOCKS @ \$1.2750

PRINT BUTTER MARKETS - GRADE AA**NORTHEAST**

Prices are unchanged and the market tone remains firm. Production levels are often lighter as surplus milk volumes tightened last week. Butter is clearing producers' stocks almost as fast as it is made, graded, and tested. Many of these orders are from outlets who didn't get their entire orders during the holiday time. Some contacts report that "things" are getting back to normal and most producers are getting caught up with print orders. Interest in bulk for storage/speculation remains quite good. Retail movement of print butter is slow to fair and food service sales are steady.

WHOLESALE PRICES: MIN 25 BOXES
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	:	1.1100-1.3375
1 LB. PRINTS	:	1.0250-1.2075
CHIPS/PATTIES	:	1.0875-1.2575
REDDIES	:	1.1625-1.3675
CONTINENTALS	:	1.2425-1.4175

CENTRAL

Print butter markets are basically steady at unchanged prices. Churning schedules remain active. Favorably priced cream supplies are sufficient for most all needs. Stocks of butter range from short of full needs to in better balance with demand. Overall buying interest continues strong, although some producers are starting to notice a slowdown in demand. Buyer interest continues for both domestic and export needs. Often, domestic buyers are holding with confidence additional stocks for future use. Late last week, FAS announced that a 36 metric ton DEIP bid was accepted for butter to Asia and the Former Soviet Union. Until last week and since mid 1995, butter was not eligible for DEIP allocations.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	:	1.0000-1.4075
1 LB. PRINTS	:	.9650-1.1275
CHIPS/PATTIES	:	.9900-1.2000
REDDIES	:	1.0725-1.3100
CONTINENTALS	:	1.2300-1.4200

WEST

Print butter markets are firm although prices are holding steady. Demand for Western butter remains strong from both local and out of area buyers. Stocks of butter are in close balance with current buyer interest. Opinions on filling current inquiries are mixed. Some producers are meeting the demand while others are finishing previous commitments and holding the line on future orders. Many buyers are unsure about future production. Thus, they are taking advantage of available stocks at this time and holding them with confidence. Export interest continues to improve, although many inquiries are going unfilled.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.1850-1.2450
1 LB. PRINTS	:	1.1225-1.1750
PATTIES	:	1.1750-1.3225
REDDIES	:	1.2800-1.3025

FOB CALIFORNIA PLANTS - GRADE AA
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	:	.9100-.9625
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
	:		
01/20/97	8,095	:	107,591
01/01/97	4,551	:	108,543
CHANGE	3,544	:	-952
% CHANGE	+ 78	:	-1

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Other Dairy Products		Meat, Poultry, Fish and Eggs	
	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>
OCT 1996	155.4	4.0	149.3	12.1	147.2	12.4	150.5	9.0	145.5	23.4	147.9	5.0
NOV 1996	155.9	4.4	149.3	11.7	149.0	12.6	150.9	9.4	140.5	17.7	148.9	5.1
DEC 1996	156.3	4.3	148.6	10.1	148.3	10.9	150.1	8.0	136.2	12.2	150.0	5.6
U.S. City Average Retail Prices												
Month	Whole Milk <u>4/</u>		Lowfat Milk <u>4/</u>		Butter <u>5/</u>		Process Cheese		Natural Cheese		Ice Cream <u>8/</u>	
	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995
	Dollars											
OCT	2.730	2.473	2.494	2.292	2.528	1.670	3.499	3.081	3.068	3.402	3.077	2.735
NOV	2.746	2.493	2.494	2.269	2.354	1.686	3.651	3.084	3.584	3.340	2.978	2.610
DEC	2.727	2.518	2.526	2.310	2.173	1.733	3.592	3.150	3.085	3.390	2.940	2.675

1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

CHEESE MARKETS

NORTHEAST

Prices and the market tone are unchanged. Production levels are often lighter as surplus milk supplies have been tighter than expected. An unusually strong demand for bottled milk has affected milk receipts at local manufacturing plants. Cheese stocks are well balanced with needs. Some contacts feel that prices may start to move upward in the not-too-distant-future and seem more willing to purchase or store a little more cheese. Retail demand for cheese is holding up very well. The upcoming Super Bowl weekend is a party weekend and snack items are big sellers. Food service orders are also holding up very well.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2650-1.7575
Cheddar Single Daisies	:	1.2350-1.7525
Cheddar 40# Block	:	1.4125-1.5625
Process 5# Loaf	:	1.3975-1.5925
Process 5# Sliced	:	1.4075-1.6075
Muenster	:	1.4550-1.8225
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is unsettled. At the National Cheese Exchange on January 17, both the block and barrel closing values were unchanged. Cheese cutters/packageers remain active as retail orders remain fairly heavy, bolstered by preparations for the Superbowl festivities. Retail and restaurant sales were slower in areas where consumers limited their travel due to the extreme cold, wind, and heavy snow last week. Process activity is generally steady at best, with retail and food service occasionally improved, aided by promotional activity. Barrel interest for supplies produced within the region is moderate for current, but barrels with some age on remain a problem for some producers. Current cheese supplies are mostly adequate within the region but ample supplemental cheddar offerings are available at attractive prices from outside the region. Mozzarella interest is steady to slower, particularly from those weather related locations. Milk supplies were lost in western sections of the region (western Minnesota and the Dakotas) where trucks were unable to pick up farm supplies due to snow closed roads. Otherwise, cheese production is generally increasing slowly as are milk receipts.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.5500-1.5775
Brick And/Or Muenster 5#	:	1.5900-1.7325
Cheddar 40# Block	:	1.5275-1.9250
Monterey Jack 10#	:	1.7275-1.9250
Blue 5#	:	1.8800-2.1200
Provolone 10 - 12#	:	TFEWR
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6300-1.9650
Grade A Swiss Cuts 6 - 9#	:	2.2400-2.5300

WEST

Prices are steady for Western cheese. Blocks are cleaning up really well, but some barrels remain available. Buyers generally seem comfortable with current market conditions and are making purchases accordingly. Mozzarella sales are very good. Swiss movement is fair at best with undergrades not moving well at all. Cheese production, overall, is increasing very slowly along normal seasonal patterns. Many contacts are watching the relationship between costs and prices very closely to get a feel what milk production might do early in 1997.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4350-1.7800
Cheddar 40# Block	:	1.4875-1.7350
Cheddar 10# Cuts	:	1.6975-1.8400
Monterey Jack 10#	:	1.6775-1.8050
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5700

FOREIGN TYPE CHEESE

Prices are mostly unchanged. Some changes have been noted on imported, Italian cheeses. Contacts report the possibility that the EU will/may reduce export subsidies on some cheeses. This would increase the cost of purchasing and importing these types into the U.S. Some grating types are already in tight supply and further price increases are expected to adversely effect consumption. Some importers report higher prices on Finnish and Hungarian Swiss. The growing competition from Russia and other countries is also a factor in rising prices.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.6100-2.1775
Gorgonzola	: 3.2400-5.9400	: 2.2325-2.4900
Parmesan (Italy)	: 7.1700-8.0000	: 2.9825-3.0575
Romano (Italy)	: 2.3900-2.9000*	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.2825-1.7900
Romano (Cows Milk)	: -0-	: 2.8125-3.0175
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.7200	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

During December, milk production in the 22 major states totaled 11.1 billion pounds, unchanged from last December. The following are the December-to-December changes for selected states: Florida +1%; Texas, Pennsylvania, and Vermont -1%; Virginia -3%; Maryland and Tennessee -4%; New York and North Carolina -5%; and Kentucky -6%. In the above states, milk cow numbers compared to December 1995 are higher in Florida; lower in all others. This week, milk production is increasing rapidly in Florida. More moderate gains are being reported in other sections of the region. Temperatures were very cold over the weekend in the Deep South, but returned to more normal levels early in the week. Some contacts feel that the fluctuating temperatures and the effect they have on cows are retarding production gains. In the more northern states, milk output is slowly increasing along typical patterns. Bottled milk sales have done a quick turn-around and returned to typical patterns. After an excellent demand for the past 7-10 days, many bottlers found themselves with too much milk and began canceling orders. This triggered sharply heavier volumes backing up into manufacturing plants. Florida handlers are now shipping about ten loads a day out of state to find processing. Most Southeastern manufacturing plants were nearly empty this time last week; they are now running at capacity levels. Surplus milk volumes are up at northern plants and some have trucks waiting to be unloaded. The condensed skim market still ranges steady to weak. Demand is fair to good and prices are unchanged to lower. The fluid cream market is about steady. Offerings are fully adequate for the fair to good demand. Spot prices are in a relatively wide range. Some contacts report that freight rates very widely and, at times, entering into consideration when F.O.B. prices are set. Class II sales are fairly good. Demand from Class III (butter) buyers is also good. Cream cheese output is holding quite well.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.0080 - 1.1120
Delivered Equivalent Atlanta	-	1.0240 - 1.2710 M 1.0250-1.0560
F.O.B. Producing Plants: Upper Midwest	-	1.0080 - 1.1280

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	1.1700 - 1.2300
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M I D W E S T

SPOT SHIPMENTS:

JANUARY 17 - 23, 1997	LOADS
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	3
	0

Class I demand is irregular, depending on location and type of account. School milk sales in the Dakotas and parts of Minnesota are still reflecting the weather caused school closings. Retail promotional activity in some metro areas is helping keep sales at good levels. The weather slowed sales to restaurants and stores as consumers are reluctant to go out in very inclement weather. Production of ice cream, and party goods such as chip dips are moving well in preparation for Superbowl events. A shipment of 10 loads of Wisconsin milk late last week were "direct shipped" and pooled under a Southern Federal Order. Another 8 loads of milk were shipped from Wisconsin to Ohio. Manufacturing milk interest is good and reported spot prices range from \$.50 to \$1.95 over class. A one day "milk strike" by farmers

protesting low milk prices lead to some farm milk bulk tanks being dumped or given to charities instead of picked up by milk haulers. This caused little change in Wisconsin plant receipts, at least according to early reports. However, with many every other day pickups, it may take a few days before the full results become evident. A January thaw helped melt some of the snow cover through much of the region. The extreme temperatures/wind chills last week through most of the region moderated and allowed many impassable roads to be cleared/melted clear. However, milk was dumped at some weather affected operations, some reported for more than a week. Fat and protein tests are edging just slightly lower but yields are seasonally good. Cream interest is good.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 16 - 22	PREVIOUS YEAR
SLAUGHTER COWS	\$ 31.00- 38.00	\$ 32.00- 37.50
REPLACEMENT HEIFER CALVES	\$110.00-150.00	\$100.00-160.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JAN 16 - 22	PREVIOUS YEAR
SLAUGHTER COWS	\$ 29.00- 36.00	\$ 30.50- 36.00

W E S T

Estimated annual production of milk in selected states for calendar 1996 compared to 1995 is as follows: Arizona up 7.0%, California up 1.9%, Colorado up 5.3%, Idaho up 11.9%, New Mexico up 3.4%, Oregon down 4.4%, Utah up 5.1%, and Washington down 0.5%. The comparable number for the U.S. is down 0.8%. Milk production patterns throughout the Southwestern region of the U.S. are following seasonal patterns. In southern most areas, output is building and is reported to be running well ahead of last year at this time. Further north, output continues to build, but not as rapidly. Conditions in the Central Valley were starting to improve, but by midweek, another warm and wet storm was headed for the area. Temperatures throughout the week were warm, thus melting snow from the mountains continues to tax already filled reservoirs and streams. Saturated levees continue to give way, thus evacuations of various areas continue. The damage impact is still not assessed and many feel that it will be weeks, if not months, before fully felt. A small number of dairy operations are severely affected, but the overall dairy impact is expected to be not as extreme as previously thought. Outside the water drenched regions of the valley, conditions are favorable with adequate feed stocks to maintain steady production growth. Moderate weather conditions are the rule over the Pacific Northwest. Temperatures have been warmer than normal and moisture has been a bit above normal, but not causing any problems. Demand for fluid milk for bottling needs is quite strong following the end of the year holidays. Financial stress is becoming more of an issue for many more producers in the region. For some feed sales organizations, more than 10% of their accounts are past due. They have no idea how they are going to catch up with slaughter cows less than \$30 and hay more than \$160 for hay that shouldn't be used for dairy cows. Heifers are selling for less than \$800 when a buyer can be found. The mood is not optimistic in the Northwest. More herd health problems are cropping up in the northern Mountain States region. The wide fluctuations in temperatures are putting a lot of stress on milking herds and young stock. Quality is more of a concern than volume at this time. Cheese production is variable in the region with some plants adding a day of output while others are cutting back one day per week. Hay prices have increased \$20-40 since the holidays and the quality of what is left is not very good.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 01/23/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Nonfat dry milk prices are mixed in light to moderate trading. The market tone is unsettled. Buying interest remains good as buyers continue to look to Central producers for better deals. The increased demand in recent weeks, coupled with lower production, is starting to tighten supplies in the region. Some producers are currently drying no NDM. Stocks are mostly light and declining.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.1100 - 1.1400 MOSTLY: 1.1200 - 1.1300

DRY BUTTERMILK - CENTRAL

Dry buttermilk prices are improving slightly. The market tone is firmer. Contacts are stating that some buyers took sizable positions and have cleared much of the surplus buttermilk from the marketplace. Fewer producers are offering multiple loads and spot loads are less available than just a few weeks ago. Spot demand is fair. Buttermilk is available from a few plants and from several resellers. Stocks are light to moderate.

BUTTERMILK: .9200 - .9500

DRY WHEY - CENTRAL

Dry whey prices improved slightly in moderately active market trading. The market tone is firm. Offerings are stated to be lower than in recent weeks with many plants having little, if any, powder to offer. As inventory positions tighten, producers are increasing prices. Demand ranges from light to moderate levels. Several buyers are working off stocks or are seeing light demand for their finished products and are not in the market. Production is generally steady, but varied among plants.

NONHYGROSCOPIC: .1825 - .2025 MOSTLY: .1850 - .1900

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged and nominal for milk replacer and standard whey. Availability is limited and buyers are not able to fill all needs. The market tone is firmer, reflecting the edible whey market. Roller ground and delactose prices are higher and nominal. Demand is improved and supplies are in better balance. Finished animal feed business ranges from seasonally slow to fair.

MILK REPLACER: .1600 - .1750
STANDARD: .1500 - .1700
ROLLER GROUND: .1875 - .2000
DELACTOSE (Min. 20% protein): .3300 - .3800

LACTOSE - CENTRAL AND WEST

Prices are mostly steady to higher on the top end of the range. The majority of current sales are contract based. Spot trades are limited and priced mainly within the mostly range. Resale loads are indicated to be priced at premiums. Production is steady to higher. Several contacts have noted that certain feed buyers are no longer using lactose in formulations and are instead using whey or whey permeate. Lactose stocks are limited and in good balance.

Including spot sales and up to 3 month contracts.

EDIBLE: .2000 - .2700 MOSTLY: .2300 - .2500

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are moving higher for whey protein concentrate in more active trading. The market tone is firming. More producers are in better inventory positions and are attempting to attach premiums to their prices. Demand is fair to good and clearing most current offerings. Food accounts are more active than animal feed producers. Production is steady to higher, but continues to be mixed among plants.

EDIBLE 34% PROTEIN: .5600 - .6100 MOSTLY: .5850 - .5950

NONFAT DRY MILK - WEST

Nonfat dry milk markets are mixed with prices unchanged to slightly higher. Buying interest is active for low/medium powder with stocks available for sale, while high heat demand is more aggressive and stocks are limited. Although demand is mixed, a firm undertone to the market is building. Less trading activity is occurring at the low end of the reported range than past weeks. Some producers feel that sales are slowing, although more handlers are realizing increased interest, especially for export. DEIP awards continue to be announced for powder destined for Central and South America. Inquiries are starting to surface that Mexico may also be looking for powder.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0800 - 1.1300 MOSTLY: 1.0950 - 1.1100

HIGH HEAT: 1.1200 - 1.1500

DRY BUTTERMILK - WEST

Buttermilk powder markets are firm with prices unchanged to higher. Buying interest has improved greatly in comparison to the last few months. Often, demand is surpassing available stocks. Within the past week or so, large lot sales have occurred which tightened supplies. Although buttermilk powder production is not heavy, it does not take long for available stocks to become limited. In light of the improved demand, asking prices for available powder are increasing.

BUTTERMILK: .8600 - .9550

DRY WHEY - WEST

Prices range from steady to fractionally higher for Western whey powder. Domestic demand is rated as very good. Export sales continue at a good pace also. Some slowdown is expected over the next few weeks as the celebration of the Chinese New Year occurs and most business transactions slow down. Producer inventories are minimal and being held with more confidence. Production is variable, ranging from higher to lower depending where milk is being directed. Contacts are watching export sales activity to see if increasing prices will tend to slow export interest.

NONHYGROSCOPIC: .1850 - .2075 MOSTLY: .1950 - .2000

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended January 20, on powder sales of 9,502,098 pounds f.o.b. California manufacturing plants was \$1.1093 per pound. This compares to 9,070,062 pounds at \$1.1150 for the previous week ending January 13, 1997. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone is about steady. Production levels are up this week as most regional butter/powder plants are receiving increasing volumes of surplus milk. Plants that were operating only a few days last week are now running at or near capacity. Others, report less dramatic increases in operating schedules, but do note that their plant receipts are growing seasonally. Plant stocks are increasing. Demand is fair. More Eastern producers' offering prices, particularly low heat, are near the lower end of the range. This is due to increasing output and competition from Western powder.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.1400 - 1.2100
DELVD SOUTHEAST:	1.1350 - 1.2300

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are mixed. The market tone seems to have firmed. Prices have reached a level where product is moving with more regularity. Demand is improving now that prices are mostly under a dollar. However, the lower offering prices have disappeared and most Eastern producers' prices are in a very narrow range. Production levels are up slightly as more surplus milk is available this week and churning activity remains moderate to heavy. Plant stocks are quite well balanced.

F.O.B. NORTHEAST:	.9500 - .9700
DELVD SOUTHEAST:	.9350 - .9800

DRY WHOLE MILK - NATIONAL

Prices are steady to slightly higher. The market tone is unchanged. Production is steady to heavier where more milk is available. However, output is still geared toward meeting orders. Few producers make and store dry whole milk for future needs. Demand is reported as good and current production is clearing very nicely. Spot demand is a little more active.

F.O.B. PRODUCING PLANT:	1.1800 - 1.2600
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DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1996 THROUGH JANUARY 17, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	-	12,169	MT (26,827,777 LBS)
CHANGE	-	550	MT (1,212,530 LBS)
WHOLE MILK POWDER	-	860	MT (1,895,956 LBS)
CHEESE	-	733	MT (1,615,972 LBS)
CHANGE	-	14	MT (36,864 LBS)
BUTTERFAT	-	36	MT (794,304 LBS)
CHANGE	-	36	MT (794,304 LBS)

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to slightly higher. The market tone is showing more signs of firming. Demand is improving from both export and domestic buyers. Production levels are increasing slightly as more milk is available to some plants. The milk supply at other plants is steady. Producers' inventories are quite well balanced and those with a little inventory are holding it with growing confidence.

F.O.B. NORTHEAST:	EXTRA GRADE	.1800 - .1850
	USPH GRADE A	.1925 - .1975
DELVD SOUTHEAST:		.1950 - .2250

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. Locally, milk replacer quality powder is still limited, but buyers often substitute Extra Grade powder. Animal feed makers/users are showing good interest for any product that might be offered.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR
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EVAPORATED MILK - NATIONAL

Prices and the market tone are steady. Production levels range from steady to increasing as some areas of the country are experiencing increasing volumes of surplus milk. Plant stocks are light and some producers are trying to replenish stocks. Demand is fair to good and often for replacement needs. The Kansas City Commodity office announced the issuance of EVD-1, invitation 290 inviting competitive offers to sell to CCC 1,766,640 pounds of evaporated milk for shipment in March 1997.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES	\$22.50 - 33.00
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Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Prices are unchanged for both casein types. Rennet continues to be more firm than acid. Rennet offers are more limited and most is clearing on contracts. Acid prices are unsettled and continue to be pressured by lower quality casein from restricted countries. Total casein imports through October 1996 total 122.3 million pounds, steady when compared to the same period in 1995.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.3500 - 2.4700
ACID:	2.1500 - 2.2500

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	NOV 30, 1994	NOV 30, 1995	REVISED NOV 30, 1996	DEC 31, 1994	DEC 31, 1995	DEC 31, 1996
Cream	1,354	1,362	1,351	1,530	1,453	1,520
Butter	84,534	15,690	17,661	79,450	18,628	14,084
Evap. & Cond. Milk	1,096	1,002	487	1,002	995	275
Cheese, Natural American	309,746	297,868	369,648	310,036	306,796	378,960
Cheese, Swiss	7,737	7,916	13,344	8,153	8,454	12,804
Cheese, Other Natural	116,729	87,776	97,186	118,692	96,812	87,544

DECEMBER COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Swiss Cheese			Other Natural Cheese		
	1994	1995	1996	1994	1995	1996	1994	1995	1996
New England	17,831	10,864	14,634	0	--	--	100	64	102
Middle Atlantic	36,033	33,367	33,898	344	--	--	11,928	4,364	3,639
East North Central	162,493	164,939	209,924	5,703	--	--	91,652	80,767	71,124
West North Central	47,538	56,889	62,211	500	--	--	1,212	2,119	1,459
South Atlantic	283	272	223	46	--	--	2,577	4,329	6,245
East South Central	231	163	179	1	--	--	3,770	3,668	2,391
West South Central	1,187	264	436	0	--	--	5,023	58	121
Mountain	27,161	17,985	18,932	1,475	--	--	1,619	828	947
Pacific	17,279	22,053	38,523	84	--	--	811	615	1,516
TOTAL	310,036	306,796	378,960	8,153	8,454	12,804	118,692	96,812	87,544
REGION	Butter			*Cream			*Evaporated & Condensed Milk		
	1994	1995	1996	1994	1995	1996	1994	1995	1996
New England	2,547	2,141	1,189	--	--	--	--	--	--
Middle Atlantic	2,832	3,395	1,575	--	--	--	--	--	--
East North Central	4,519	1,832	3,959	--	--	--	--	--	--
West North Central	47,336	2,057	1,481	--	--	--	--	--	--
South Atlantic	767	891	579	--	--	--	--	--	--
East South Central	1,305	1,450	256	--	--	--	--	--	--
West South Central	7,029	2,114	1,193	--	--	--	--	--	--
Mountain	937	706	380	--	--	--	--	--	--
Pacific	12,178	4,042	3,472	--	--	--	--	--	--
TOTAL	79,450	18,628	14,084	1,530	1,453	1,520	1,002	995	275

GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
COMMODITY	NOV 30, 1994	NOV 30, 1995	REVISED NOV 30, 1996	DEC 31, 1994	DEC 31, 1995	DEC 31, 1996
Butter	74,714	4,344	227	67,215	2,797	294
Natural American Cheese	475	264	113	537	217	47

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1995 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995
	Million Pounds						Million Pounds						Million Pounds					
January	25	90	22	25	3	64	323	318	323	318	<u>3/</u>	<u>3/</u>	86	141	72	115	14	26
February	34	88	30	26	4	63	343	322	343	321	<u>3/</u>	<u>3/</u>	90	122	80	94	10	28
March	49	75	47	23	1	51	349	324	349	323	<u>3/</u>	<u>3/</u>	108	125	98	98	10	28
April	40	79	37	33	3	46	369	335	368	335	<u>3/</u>	<u>3/</u>	110	154	100	127	10	27
May	34	81	33	43	1	38	381	344	381	344	<u>3/</u>	<u>3/</u>	88	155	86	129	1	26
June	30	79	29	46	1	33	385	348	385	347	<u>3/</u>	<u>3/</u>	84	164	82	142	1	22
July	32	68	31	47	1	21	387	361	387	361	<u>3/</u>	<u>3/</u>	78	162	77	140	<u>3/</u>	21
August	27	50	26	34	1	16	369	339	368	339	<u>3/</u>	<u>3/</u>	67	122	66	102	<u>3/</u>	19
September	21	33	21	25	1	8	364	320	364	320	<u>3/</u>	<u>3/</u>	51	97	50	78	<u>3/</u>	19
October	21	24	20	18	<u>3/</u>	5	370	312	370	312	<u>3/</u>	<u>3/</u>	48	90	47	70	<u>3/</u>	20
November	18	16	17	11	<u>3/</u>	4	370	298	370	298	<u>3/</u>	<u>3/</u>	48	66	48	50	<u>3/</u>	16
December	14	19	14	16	<u>3/</u>	3	379	307	379	307	<u>3/</u>	<u>3/</u>	85		71			14

1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Nov 30, 1994	Nov 30, 1995	Nov 30, 1996	Dec 31, 1994	Dec 31, 1995	Dec 31, 1996
	Thousand Pounds					
Butter	9,820	11,346	17,434	12,235	15,831	13,790
Natural American Cheese	309,271	297,604	369,535	309,499	306,579	378,913

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (1-97) and "Dairy Products," Da 2-6 (1-97), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

MINIMUM FEDERAL ORDER AND ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, ANNUAL AVERAGES, 1993-1996 1/												
CITY	1993			1994			1995			1996		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
	Dollars Per Hundredweight											
Atlanta, GA	14.70	15.69	0.99	15.25	15.86	0.61	14.70	14.83	0.13	16.71	17.74	1.03
Baltimore, MD	14.65	15.70	1.05	15.20	16.19	0.99	14.65	15.60	0.95	16.66	17.46	0.80
Boston, MA	14.86	15.35	0.49	15.41	15.89	0.48	14.86	15.57	0.71	16.87	17.63	0.76
Carbondale, IL	13.63	15.52	1.89	14.18	16.01	1.83	13.63	14.64	1.01	15.64	16.99	1.35
Charlotte, NC 2/	---	---	---	15.25	16.00	0.75	14.70	15.10	0.40	16.71	18.11	1.40
Chicago, IL	13.02	16.04	3.02	13.57	16.04	2.47	13.02	14.78	1.76	15.03	16.82	1.79
Cincinnati, OH	13.73	14.94	1.21	14.28	14.77	0.49	13.73	14.31	0.58	15.74	16.67	0.93
Cleveland, OH	13.62	14.65	1.03	14.17	14.54	0.37	13.62	14.12	0.50	15.63	16.41	0.78
Dallas, TX	14.78	15.18	0.40	15.33	15.57	0.24	14.78	14.96	0.18	16.79	17.25	0.46
Denver, CO	14.35	15.06	0.71	14.90	15.61	0.71	14.35	15.06	0.71	16.36	16.83	0.47
Des Moines, IA	13.17	14.62	1.45	13.72	14.67	0.95	13.17	13.82	0.65	15.18	16.41	1.23
Detroit, MI	13.47	14.47	1.00	14.02	15.06	1.04	13.47	14.30	0.83	15.48	16.36	0.88
Hartford, CT	14.76	15.25	0.49	15.31	15.79	0.48	14.76	15.47	0.71	16.77	17.53	0.76
Houston, TX	15.32	15.72	0.40	15.87	16.11	0.24	15.32	15.50	0.18	17.33	17.79	0.46
Indianapolis, IN	13.60	15.06	1.46	14.07	15.58	1.51	13.52	14.45	0.93	15.53	16.69	1.16
Kansas City, MO	13.54	14.69	1.15	14.09	14.56	0.47	13.54	13.99	0.45	15.55	16.55	1.00
Little Rock, AR	14.39	14.83	0.44	14.94	15.22	0.28	14.39	14.57	0.18	16.40	16.77	0.37
Louisville, KY	13.73	14.48	0.75	14.28	14.72	0.44	13.73	14.13	0.40	15.74	16.67	0.93
Miami, FL	15.80	17.27	1.47	16.35	17.60	1.25	15.80	17.13	1.33	17.81	20.06	2.25
Milwaukee, WI	12.93	15.95	3.02	13.48	15.95	2.47	12.93	14.69	1.76	14.94	16.73	1.79
Minneapolis, MN	12.82	14.00	1.18	13.37	14.18	0.81	12.82	13.47	0.65	14.83	16.02	1.19
New Orleans, LA	15.47	15.82	0.35	16.02	16.19	0.17	15.37	15.43	0.06	17.28	17.69	0.41
Oklahoma City, OK	14.39	14.94	0.55	14.94	15.31	0.37	14.39	14.56	0.17	16.40	16.88	0.48
Omaha, NE	13.37	14.87	1.50	13.92	14.88	0.96	13.37	14.02	0.65	15.38	16.41	1.03
Philadelphia, PA	14.71	15.71	1.00	15.26	16.26	1.00	14.71	15.64	0.93	16.72	17.47	0.75
Phoenix, AZ	14.14	14.14	0.00	14.69	14.69	0.00	14.14	14.14	0.00	16.15	16.15	0.00
Pittsburgh, PA	13.62	14.65	1.03	14.17	15.12	0.95	13.62	14.44	0.82	15.63	16.18	0.55
Rock Island, IL 2/	13.10	14.55	1.45	13.65	14.60	0.95	---	---	---	---	---	---
St. Louis, MO	13.63	15.52	1.89	14.18	16.01	1.83	13.63	14.64	1.01	15.60	16.45	0.85
Salt Lake City, UT	13.52	13.67	0.15	14.07	14.22	0.15	13.52	13.67	0.15	15.53	15.73	0.20
Seattle, WA	13.52	13.97	0.45	14.07	14.52	0.45	13.52	13.97	0.45	15.53	15.88	0.35
Spokane, WA	13.52	13.97	0.45	14.07	14.52	0.45	13.52	13.97	0.45	15.62	16.07	0.45
Springfield, MO	13.81	14.26	0.45	14.36	14.79	0.43	13.81	14.21	0.40	16.10	16.71	0.61
Washington, DC	14.65	15.70	1.05	15.20	16.19	0.99	14.65	15.60	0.95	16.46	17.30	0.84
Waterloo, IA 2/	13.00	14.45	1.45	13.55	14.50	0.95	---	---	---	---	---	---
Simple Average	13.99	15.02	1.03	14.55	15.36	0.81	14.05	14.69	0.64	16.06	16.92	0.86

1/ These figures are simple averages of monthly prices. The cooperative price represents over-order Class I prices announced for the beginning of the month by cooperative associations in various city markets. The information relates to the market in each of the city markets and does not apply to all of the Class I sales in these city markets. These data are common market knowledge in the sense that the information represents basic Class I price announcements by the cooperatives and all handlers who buy milk from them. These announced over-order prices represent charges for various services performed by the cooperative. Announced prices may not include handling or service charges applicable to milk from supply plan instances, the announced over-order prices are not uniform in that competitive credits may be allowed. These prices have not been verified as having been actually paid by handlers. 2/ An announced cooperative Class I price was first reported in Charlotte, NC, in January 1994. This price series was discontinued for Nashville, TN, in September 1993; and was discontinued for Rock Island, IL, and Waterloo, IA, in April 1995.

DAIRY PRICES RECOVER SOMEWHAT

Wholesale cheese and butter prices had recovered from some of their earlier plunges by mid-January. Butter prices rose 16 cents per pound in mid-December, while cheese prices increased 9 cents in early January. Both rebounds were about a fifth of the early autumn drops. The earlier declines apparently were an over-reaction to an easing supply-demand balance.

Butter prices are expected to stay near current levels during the winter. Post-holiday orders were reportedly strong, and retailers have been fairly aggressive about butter specials. The recent decision to resume export subsidies for milkfat will also lend strength to prices. These factors probably will offset normal seasonal weakness.

Stagnant milk production and fairly good cheese demand finally overcame the price effects of backed up cheese supplies. Although small additional price increases are possible, cheese markets probably will be reasonably well balanced during the next few months. Expansion in milk production should make a little more milk available for cheese, but less cheese will be produced from nonfat dry milk. Still-high retail prices probably will limit gains in commercial use.

Unlike butter and cheese prices, prices of nonfat dry milk have declined in a fairly orderly manner since early November. In mid-January, powder prices were 16 cents per pound below October and still slipping. Lower cheese prices simultaneously boosted production and reduced use of nonfat dry milk. Recovery in cheese prices and an expected increase in exports should start to stabilize nonfat dry milk prices.

Wholesale prices could move substantially higher than now expected if there is substantial lingering damage from the winter storms in the West. Widespread flooding and even wider-spread mud problems which hit California, Washington, Idaho, and Oregon will cause increased culling, cow stress, and loss of stored feeds. The most affected areas probably produce about 15 percent of the U.S. milk supply. Persistent problems in these areas would significantly affect national supplies for most of 1997.

QUARTERLY AND ANNUAL FORECASTS

Item	1997 I	1997 II	1997 III	ANNUAL	
				1996	1997
<u>Million pounds</u>					
Supply/Demand (mf basis)					
Milk Production	38,700	40,400	38,400	154,500	155,800
Commercial use	38,200	39,900	39,300	155,300	156,900
Net removals	200	200	200	88	600
<u>Dollars per cwt.</u>					
Market Prices					
Milk, all at plant	12.80-13.30	13.00-13.70	13.10-14.10	14.75	13.30-14.10
Milk, Basic Formula Price	12.10-12.50	12.00-12.70	12.30-13.30	13.39	12.40-13.20

Source: "Livestock, Dairy, and Poultry Situation and Outlook", LDP-M-37, January 15, 1997, Economic Research Service, USDA, Washington, DC. For more information, contact James J. Miller, (202) 219-0834.

FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS

FEDERAL MILK ORDER MARKET SUMMARY FOR DECEMBER 1996. During December, about 9.5 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in December 1995, the following comparisons involving producer deliveries have been estimated.) For comparable markets, producer deliveries were about 0.4 percent more than December 1995, and about 3.6 percent more than November 1996 on a daily average basis. Milk utilized in Class I products in December was 0.6 percent more than last year on an adjusted basis. Class I use this year represented 40 percent of producer milk deliveries compared to 41 percent in December 1995. The average blend price was \$13.89 per cwt., \$0.14 more than last year. Changes in class prices from year-earlier levels were as follows: Class I, up \$1.52; Class II, up \$1.52; Class III, down \$1.57; and Class III-A, up \$0.49.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF DECEMBER 1996										
FEDERAL MILK ORDER MARKETING AREAS ^{1/}	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE ^{2/}		BUTTER-FAT DIFF. ^{3/}
		1996 TOTAL	CHANGE FROM 1995	1996 TOTAL	CHANGE FROM 1995	1996	1995	1996	1995	1996
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
New England (Boston)	1	439.3	-3.8	219.2	-1.4	50	49	15.09	14.43	6.8
New York/New Jersey (NY City)	2	941.0	-5.3	383.6	-9.7	41	43	14.51	14.36	6.8
Middle Atlantic (Philadelphia-Baltimore/Washington, D.C.)	4	539.1	4.5	249.9	5.9	46	46	14.73	13.96	---
NORTHEAST REGION		1,919.3	-2.4	852.7	-3.4	44	45	14.70	14.27	6.8
Carolina (Charlotte)	5	230.9	8.1	183.2	13.8	79	75	16.44	15.01	6.8
Tennessee Valley (Knoxville/Chattanooga)	11	129.6	11.6	88.3	3.6	68	73	15.55	14.75	6.8
Southeast (Atlanta/Birmingham)	7	462.5	-4.2	339.3	-3.9	73	73	15.91	14.86	6.8
Florida Markets (Tampa/Jacksonville/Tallahassee/Miami)	12 ^{4/}	252.4	5.4	211.7	1.8	84	87	17.06	15.92	6.8
SOUTHEASTERN REGION		1,075.3	2.3	822.6	1.9	76	77	16.25	15.12	6.8
Michigan Upper Peninsula (Marquette)	44	5.5	-3.0	4.1	-2.1	75	74	14.58	13.67	6.8
Southern Michigan (Detroit)	40	366.5	-3.9	168.6	-2.0	46	45	14.00	13.43	---
E. Ohio/W. PA (Cleveland/Pittsburgh)	36	271.1	0.4	145.7	-5.0	54	57	14.22	13.86	---
Ohio Valley (Columbus)	33	263.2	8.6	141.4	2.5	54	57	14.63	13.91	---
Indiana (Indianapolis)	49	175.7	2.7	103.6	5.4	59	57	14.83	13.80	---
Chicago Regional	30*	1,396.6	27.2	212.9	0.3	15	19	12.34	13.24	---
Central Illinois (Peoria)	50	14.4	-5.3	12.5	10.4	87	75	15.21	13.95	6.8
S. Illinois-E. Missouri (Alton)	32	148.5	-9.8	84.4	-11.9	57	58	14.47	13.96	6.8
Louisville-Lexington-Evansville	46	83.0	-12.8	63.7	-8.6	77	73	15.49	14.13	6.8
Upper Midwest (Minneapolis)	68*	896.8	3.1	133.4	0.8	15	15	12.07	13.06	---
Iowa (Des Moines)	79*	284.7	11.3	82.8	2.1	29	32	12.88	13.25	---
Nebraska/W. Iowa (Omaha/Sioux City)	65*	147.8	5.5	50.7	-1.8	34	37	13.26	13.17	---
Greater Kansas City/E. S. Dakota	64 ^{5/ 6/}	45.2	---	---	---	---	62	15.52	13.94	6.8
MIDWEST REGION	^{7/}	4,053.8	9.3	1,203.7	-1.3	30	33	13.04	13.39	6.8

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF DECEMBER 1996										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1996 TOTAL	CHANGE FROM 1995	1996 TOTAL	CHANGE FROM 1995	1996	1995	1996	1995	1996
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
Southwest Plains (Oklahoma City)	106	282.3	3.8	121.4	4.1	43	43	14.34	14.18	6.8
Texas (Dallas)	126	523.8	-6.3	265.5	6.5	51	45	14.89	14.18	6.8
SOUTHWEST REGION		806.0	-3.0	386.9	5.7	48	44	14.70	14.18	6.8
E. Colorado/W. Colorado (Denver)	137 <u>5/</u>	153.5	1.4	66.8	2.7	44	43	13.99	14.03	6.8
SW. Idaho/E. Oregon (Boise)	135	232.0	16.0	14.4	1.8	6	7	11.69	12.99	---
Great Basin (Salt Lake City)	139	208.1	3.0	73.3	5.5	35	34	13.39	13.57	---
Central Arizona (Phoenix)	131	200.9	1.9	83.8	-1.9	42	43	13.74	13.69	6.8
New Mexico-West Texas (Albuquerque)	138	222.1	20.6	53.1	-2.3	24	29	12.80	13.20	6.8
Pacific Northwest (Seattle/Portland)	124*	540.3	9.8	175.7	3.7	33	34	13.10	12.68	---
FAR WEST REGION		1,557.0	9.1	467.1	2.0	30	32	13.06	13.20	6.8
COMP MKT. AVERAGE OR TOTAL	<u>7/</u>	9,411.5*	4.7*	3,733.1	0.8	40	41	13.89	13.75	6.8
ALL-MKT. AVERAGE OR TOTAL	<u>6/</u>	9,456.6	4.6	3,733.1	-0.2	39	41	13.90	13.75	6.8
YEAR-TO-DATE AVG./TOTAL	<u>8/</u>									
Northeast Region		23,195.6	-1.6	10,286.3	1.0	44	43			
Southeastern Region		11,880.3	-3.4	9,803.5	0.8	83	79			
Midwest Region	<u>7/</u>	40,999.6*	-8.5*	14,583.7	0.6	36	32			
Southwest Region		10,075.0	-5.2	4,763.0	2.5	47	44			
Far West Region		17,715.3*	5.0*	5,711.0	1.3	32	33			
COMP MARKET AVERAGE OF TOTAL	<u>7/</u>	103,865.9	-4.0*	45,147.5	1.1	43	41	14.64	12.78	
ALL MARKET AVERAGE OR TOTAL	<u>6/</u>	104,527.7	-4.0	45,489.6	0.9	44	41	14.64	12.78	----

* Because the blend price adjusted for location was at or below the Class III price in certain zones of these markets, handlers elected not to pool an estimated 390 million pounds of milk in December 1995 that normally would have been pooled under these orders. The total estimated amounts not pooled for this reason through the month of December are: for 1996, 7.8 billion pounds; and for 1995, 5.3 billion pounds. If these volumes had been pooled, the following percent changes in producer deliveries would have resulted: for December, Midwest region -0.1, Far West region +6.1, and all-market average +0.4; Year to Date, Midwest region -2.6, Far West region +5.0, and all-market average -1.6. 1/ Names in parentheses are principal cities and pricing points of markets. 2/ Prices are for 100 pounds of milk with a butterfat content of 3.5%. 3/ Amount by which the blend price is adjusted for each .1% that the butterfat content of a producer's milk varies from 3.5%. For example, if the butterfat content of the milk that a producer delivers to a regulated handler located in Boston (New England's market) is 4.0%, then the producer's blend price would be \$15.43. (4.0 minus 3.5 equals .5; 5 times \$.068 equals \$.340; \$15.09 plus \$.340 equals \$15.430.) 4/ Pool data are either a summation or weighted average of the Tampa Bay, Upper Florida, and Southeastern Florida marketing areas. The blend prices are for the Tampa Bay market. Blend prices for other markets are: Upper Florida: 1996, \$17.14; 1995, \$15.80; and Southeastern Florida: 1996, \$17.73; and 1995, \$16.46. 5/ Figures represent a combination of data for the indicated markets except for the producer blend prices which are for the first market listed. Blend prices for other markets are: Eastern South Dakota: 1996, \$13.40; 1995, \$13.63; and Western Colorado: 1996, \$15.56; 1995, \$14.42. 6/ The data for 1995 and for January-September 1996 also includes the Black Hills marketing area. Effective October 1, 1996, the order regulating this marketing area was terminated. Class I receipt and utilization data for the Greater Kansas City/Eastern South Dakota area are restricted, effective October 1996, and are excluded from all-market figures. 7/ Figures are based on the same group of comparable markets--markets where orders were in effect the entire period 1995-96 and for which the data were not affected significantly by marketing area changes. Data for Greater Kansas City/Eastern South Dakota are no longer comparable; see 6/. 8/ Percentage changes have been adjusted for the different number of days in 1995 and 1996.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JANUARY 20 - 24, 1997			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/96	LAST YEAR	01/17/97	LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	-0-	-0-	-0-	13,785,000
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	13,785,000

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
WEEK OF JANUARY 20 - 24, 1997 =	0.0	0.0	COMPARABLE WEEK IN 1996 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	0.0	0.0	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - 24, 1997 =	0.0	0.0	COMPARABLE CALENDAR YEAR 1996 =	0.0	0.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/96 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
WEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1997MANUFACTURING MILK: Average Test 3.67% - \$10.20 per cwt.; 3.5% - \$10.10

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1300; 500# Barrels \$1.1000; Process American 5# \$1.1825; Process American 2# \$1.2225NONFAT DRY MILK: Nonfortified \$1.0470; Fortified \$1.0570; Instant \$1.2045Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 01/04/97 & Comparable Week 1996

Regions*	1	2	3	4	5	6	7	8	9	10	U. S. TOTAL	% DAIRY OF ALL
	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
1997-Dairy cows HD (000)	0.3	1.2	6.5	5.7	25.7	1.8	3.3	0.8	8.5	1.8	55.7	55.7
1996-Dairy cows HD (000)	0.3	1.1	6.9	6.1	19.8	2.4	5.1	1.4	9.1	2.4	54.6	46.3
1997-All cows HD (000)	0.3	1.2	8.8	11.2	35.3	14.1	23.8	11.1	12.3	7.0	125.1	125.1
1996-All cows HD (000)	0.4	1.1	9.1	15.1	28.3	14.6	19.5	12.6	11.2	6.1	118.0	118.0

*For source, states included in each region, and historical data, see "Dairy Market News", Vol. 55, Report No. 31

CCC MARKET PRICE INVITATIONS 1/16/97

CHEDDAR (MAR DELIVERY)	POUNDS	NONFAT DRY MILK (MAR DELIVERY)	POUNDS
BARRELS	201,400	INSTANT	963,360
BLOCKS	199,750	MOZZARELLA (MAR DELIVERY)	
CUTS	79,901	MOZZARELLA	362,880
REDUCED FAT BLOCKS	39,950	SHREDDED LITE	161,280
SHREDDED	115,200	MOZZARELLA (APR DELIVERY)	
PROCESS (MAR DELIVERY)		MOZZARELLA	524,160
2,901,600		PROCESS (APR DELIVERY)	
PROCESS SLICED	744,000	PROCESS LOAF*	781,200
		PROCESS SLICED	186,000

OFFERS ARE DUE JANUARY 27.

PUBLIC RELEASE OF AWARDS IS SCHEDULED FOR JANUARY 30.

*INCLUDES PRODUCT SET ASIDE FOR A SMALL BUSINESS

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/96 = 28,203,222

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/96 = 4,921,148

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34